

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WISCONSIN**

In re:

**C2R GLOBAL MANUFACTURING, INC.,

Debtor.**

**Case No. 18-30182
Chapter 11 Proceeding**

**DEBTORS' OBJECTION TO CLAIM NO. 6 OF VERDE ENVIRONMENTAL
TECHNOLOGIES, INC. AND DEBTOR'S COUNTERCLAIMS**

C2R Global Manufacturing, Inc. (the "Debtor"), as chapter 11 debtor-in-possession, objects to the proof of claim filed by Verde Environmental Technologies, Inc. ("Verde"): Claim No. 6 for \$6,821,918 (the "Claim").

The Debtor objects to the Claim for the following reasons: the Debtor lacks liability for the Claim, and the total amount of the Claim is overstated and subject to reduction and counterclaims.

Based upon the Debtor's defenses and counterclaims, and the information presently available to the Debtor, the Claim should be allowed as follows:

Description of Claims	Secured Claims	Unsecured Claims
Claim No. 6	\$ 0.00	\$ 0.00

The Debtor reserves the right to have the amounts of the Claim allowed as finally shown by the evidence. The above information is a summary based upon the information presently available.

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In support of its objection and counterclaims, the Debtor states as follows:

Jurisdiction

1. The Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code on October 29, 2018.
2. The Debtor continues to operate its business as a debtor-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or an examiner, and no official committee has been formed.
3. The Court has jurisdiction over this objection pursuant to 28 U.S.C. §§ 157 and 158, and the standing order of reference in this district. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(B) and (C) because it concerns the allowance or disallowance of claims, and determination of counterclaims of the Debtors' estates. Venue of this proceeding is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

Legal Basis for Objection

4. Section 502(b) of the Bankruptcy Code provides that if an objection is filed, the Court "shall determine the amount of such claim ... as of the date of the filing of the petition, and shall allow such claim in such amount"
5. The party objecting must present sufficient evidence to overcome the prima facie validity. *In re S. Side House, LLC*, 451 B.R. 248, 261 (Bankr. E.D.N.Y. 2011). However, once the objector has presented sufficient evidence, such that it would refute at least one of the allegations essential to the claim, the burden of proof shifts to the claimant to prove the validity of the claim by a preponderance of the evidence. *In re Allegheny Int'l, Inc.*, 954 F.2d 167, 174 (3rd Cir. 1992).

Factual Basis for Objection

1. On March 16, 2018, the Debtor was sued by Verde, a Minnesota-based company, alleging patent infringement, and violations of the Lanham Act and Wis. Stat § 100.18, related to the RX Destroyer, in the case *Verde Environmental Technologies, Inc. d/b/a Verde Technologies v. C2R Global Manufacturing*, United States District Court, Eastern District of Wisconsin, Case No. 18-CV-423 (the “District Court Case”).

2. The Debtor responded to Verde’s complaint and asserted various defenses to the claims: Non-Infringement, Invalidity, Prosecution History Estoppel, Unavailability of Injunctive Relief, Failure to Mark, Failure to State a Claim, Government Sales, and Equitable Defenses.

3. The Debtor’s defenses are more fully explained in its Answer filed in the District Court Case. A copy of the answer is attached as ***Exhibit A*** and incorporated herein by reference.

4. Verde filed its Claim on December 28, 2018 in the amount of \$6,821,918.00. The Claim incorporated Verde’s complaint in the District Court Case.

5. If the Debtor prevails on its defenses, Verde’s Claim would be denied in its entirety or significantly reduced.

6. The Debtor also raised counterclaims for declaratory relief of non-infringement and invalidity of Verde’s patents – U.S. Patent No. 8,535,711 (the “711 Patent”) and US Patent No. 8,475,837 (the “837 Patent”).

7. The Debtor’s counterclaims are more fully explained in its Answer. The counterclaims are incorporated herein by reference.

8. If successful on its counterclaims, Verde’s claim would be denied in its entirety or significantly reduced.

Dated: January 29, 2019.

/s/ Jerome R. Kerkman

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